

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 EB-07 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00 CIEP-01

FRB-01 OMB-01 L-02 /043 W

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R 100839Z JAN 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 3926

C O N F I D E N T I A L 0167

E.O. 11652: GDS

TAGS: ETRA, TW

SUBJECT: COTTON CONTRACT PROBLEM

REF: STATE 005874

1. HOHENBERG'S TAIWAN AGENT, LEINHAN TAIPEI, HAS NOT BEEN IN CONTACT WITH AG ATTACHE WADDLE ABOUT COTTON CONTRACT PROBLEM OVER PAST SEVERAL WEEKS. ASSUME MISINFORMATION IN QUOTED CABLE FROM LEINHAN CAME FROM CONWAY HSU, PRES. TAIPEI COTTON TRADERS ASSOC., WHO HAS BEEN IN ALMOST DAILY CONTACT WITH WADDLE. HSU WAS INFORMED BY MCFADDEN THAT MEETING BETWEEN USG AND ACSA BEING HELD IN WASHINGTON JAN. 8 TO DISCUSS COTTON CONTRACT PROBLEMS. HSU CALLED WADDLE TO ASK IF GSM 4 CREDIT WAOULD BE DISCUSSED AT MEETING AND HE WAS INFORMED THAT IT WAS POSSIBLE THAT THIS SUBJECT WCOULD BE INCLUDED AS AN AGENDA ITEM ALONG WITH THE MANY OTHER CONSIDERATIONS IN THIS MATTER.

2. SUSPECT THAT CONWAY HSU MAY HAVE ASKED SEVERAL LOCAL AGENTS TO CABLE MESSAGES TO THEIR HOME OFFICES SIMILAR TO THE ONE RECEIVED BY HOHENBERG IN HOPES THAT ACSA MEMBERS WOULD PUT PRESSURE ON USG TO PROVIDE GSM 4 CREDIT TO TAIWAN. HSU HAS BEEN PRIME PROMOTER OF GSM 4 CREDIT IDEA. LENGTHY NEWSPAPER ARTICLE ADVO-CATING USE OF GSM 4 CREDIT TO SOLVE COTTON CONTRACT
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PROBLEM BASED ON INTERVIEW WITH HSU APPEARED IN CHINESE

PRESS SEVERAL WEEKS AGO.

3. THERE HAS BEEN NO FORMAL REQUEST FOR SGSM 4 CREDIT TO FINANCE U.S. COTTON EXPORTS TO TAIWAN. INFORMAL REQUEST WAS RECEIVED BY WADDLE IN TELEPHONE CALL FROM Y.T. WANG (WANG YI-TING) AS REPORTED TAIPEI 7535.

4. COTTON SPINNERS AND LOCAL AGENTS ALL AWARE THAT M.T. CHANG, PRES., TAIWAN COTTON SPINNERS ASSOC., WROTE LETTER TO BOFT REQUESTING THAT THEY APPROACH USG REGARDING SGSM 4 CREDIT AND THAT BOFT HAS INFORMALLY APPROACHED USG. IT MAY WELL BE THAT MILLS WHO ARE LOOKING FOR ANY EXCUSE NOT TO OPEN L/C'S FOR CONTRACTED COTTON ARE NOW EXCUSING FURTHER DELAYS ON THE BASIS OF EXPECTATIONS OF GSM 4 FINANCING. THERE ARE NO INDICATIONS THAT THE OPENING OR APPROVAL OF LETTERS OF CREDIT ON US CONTRACTS HAVE BEEN SUSPENDED. ON THE CONTRARY, THERE HAS BEEN A PRONOUNCED INCREASE IN THE OPENING OF LETTERS OF CREDIT IN RECENTQ WEEKS. GROC CONTINUES HOPE THAT USG WILL FEEL ABLE PROVIDE GSM-4 CREDIT AND, AS STATED EMBTEL 7535, EMBASSY SUPPORTS PROJECT AS MEANS OF HELPING RESOLVE COTTON CONTRACT PROBLEM.

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Message Attributes

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Decaption Date: 01 JAN 1960
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